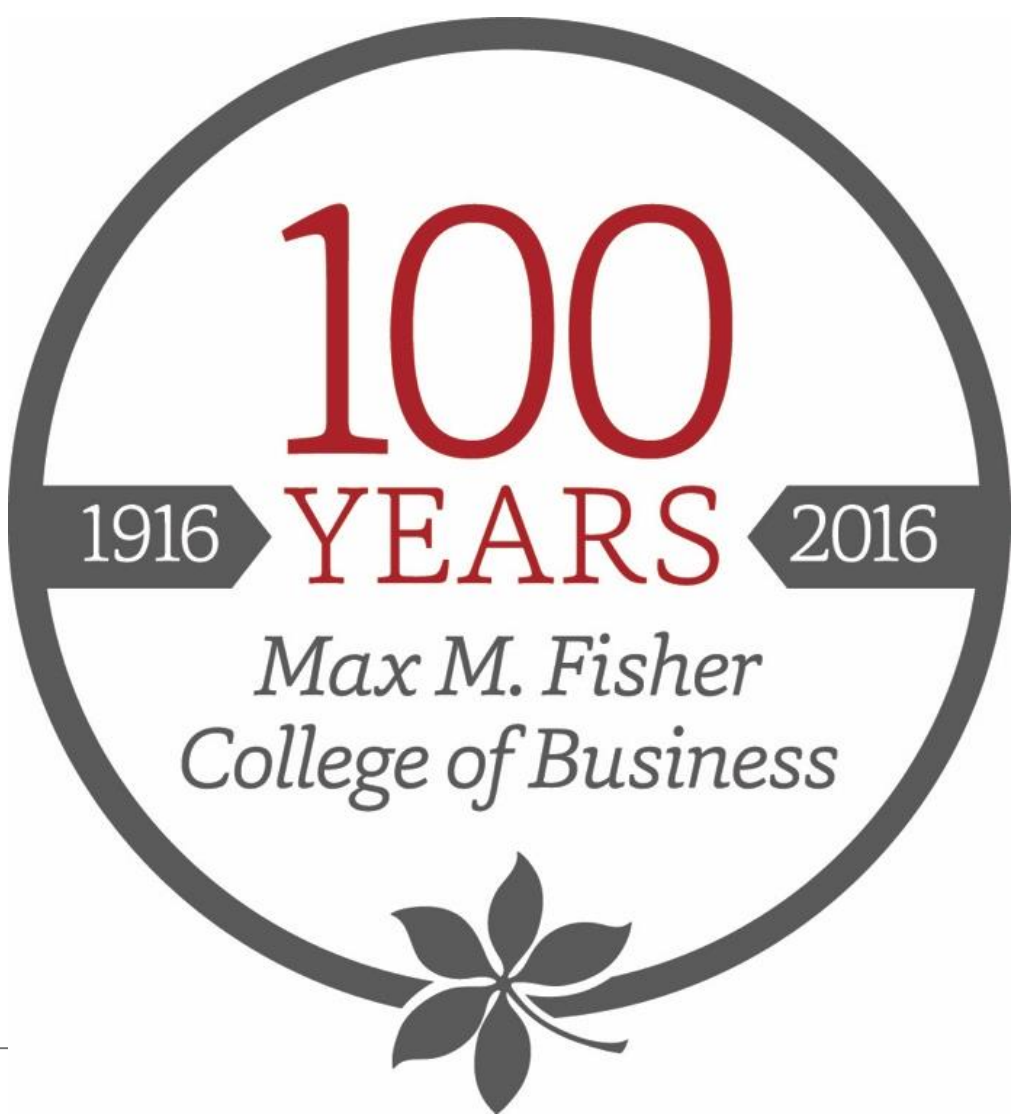


Gender Differences in Venture Capital Funding on ABC's Shark Tank

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Introduction

Context

ABC Network's reality television show "Shark Tank" gives entrepreneurs the opportunity to pitch their company to a panel of investors for the chance to receive venture capital funding. Although it is a television show, each business pitch and the resulting negotiations with the Sharks is a small window into the world of venture capital.

Research Intent

The purpose of this research is to examine the differences in venture capital funding based upon the entrepreneur's gender. I approached this topic with three questions in mind:

1. Do differences exist in how entrepreneur's receive funding based upon their gender?
2. If so, what factors are causing these differences?
3. How can these differences be addressed?

Prior Work

- Gender Differences: risk taking, decision making, wages, perception, Columbia Heidi vs. Howard Study, Harvard Business Review Alex Sanders Case.
- Women in Venture Capital: institutional and social network barriers, firm partnership, Babson College Diana Project.
- Shark Tank: audition selection, pitch preparation, presentation execution.

Resources are lacking on the specific differences between male and female entrepreneurs on Shark Tank.

Methodology

Data Collection

Two data sources were utilized. These sources were formatted, cleansed, and combined to create one dataset.

- SharkTank.tvquotes.net offered data through season four and contained twenty variables.
- Halle Tecco offered data through season seven and contained twenty three variables.

This data was then validated by randomly selecting ten pitches per season and verifying their accuracy by watching videos of the pitches on YouTube, as well as ABC's website.

Analysis

- Descriptive statistics
- Calculated variables
- Correlation matrix
- Linear regression
- Tableau visualization
- Pivot tables

Findings

Despite having comparable or better businesses than their male counterparts, women still tend to ask for lower valuations and accept deals for less relative to what they asked for.

Figure 1: Ask Valuation Differences Across Genders

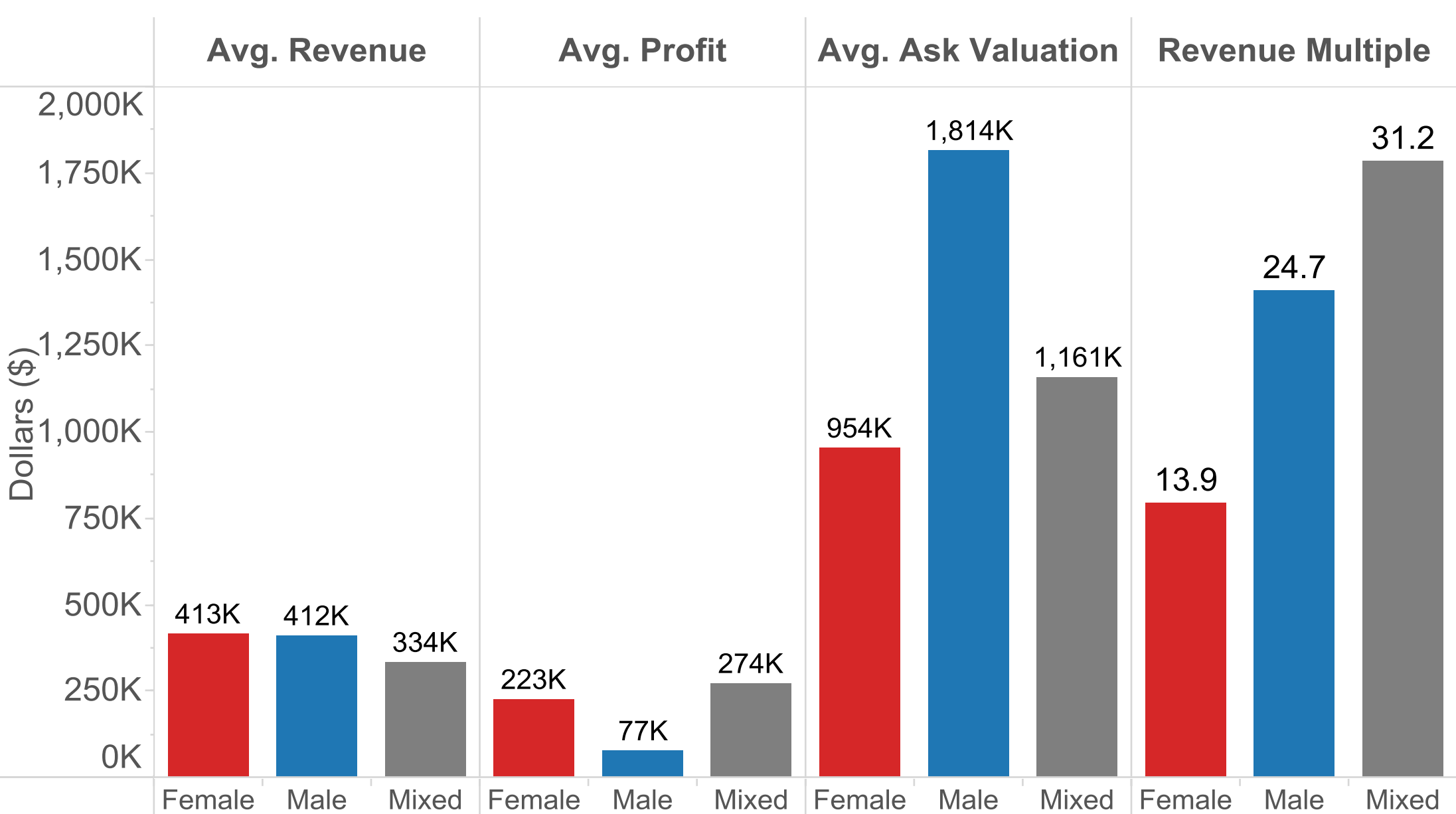


Figure 1 demonstrates that women compared to men:

- have very similar average revenues, 413k vs. 412k.
- have nearly three times greater profit, 233k vs. 77k.
- yet ask for only 53% of what men do, on average.

Figure 2: Deal Acceptance Across Genders

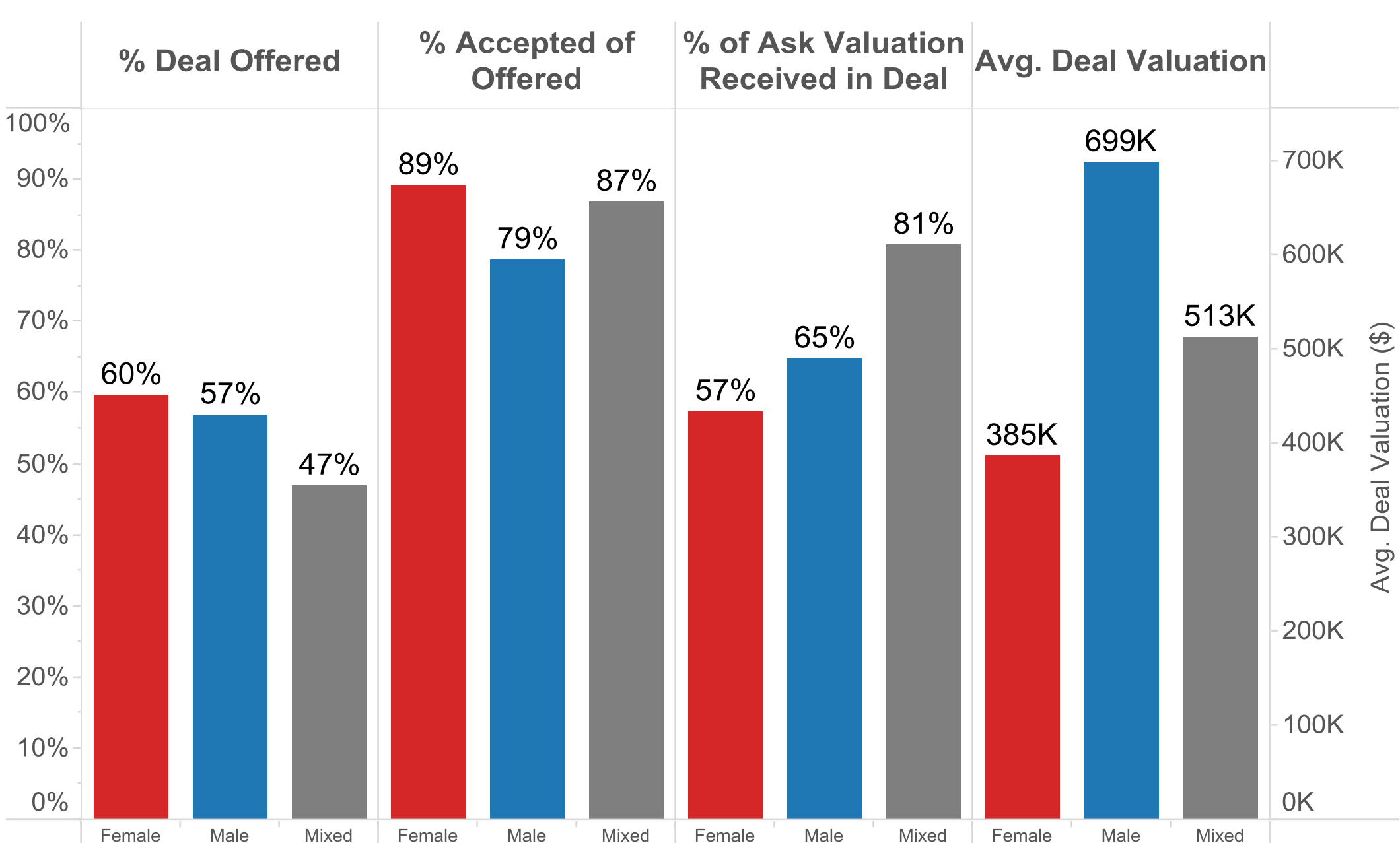


Figure 2 demonstrates that women compared to men:

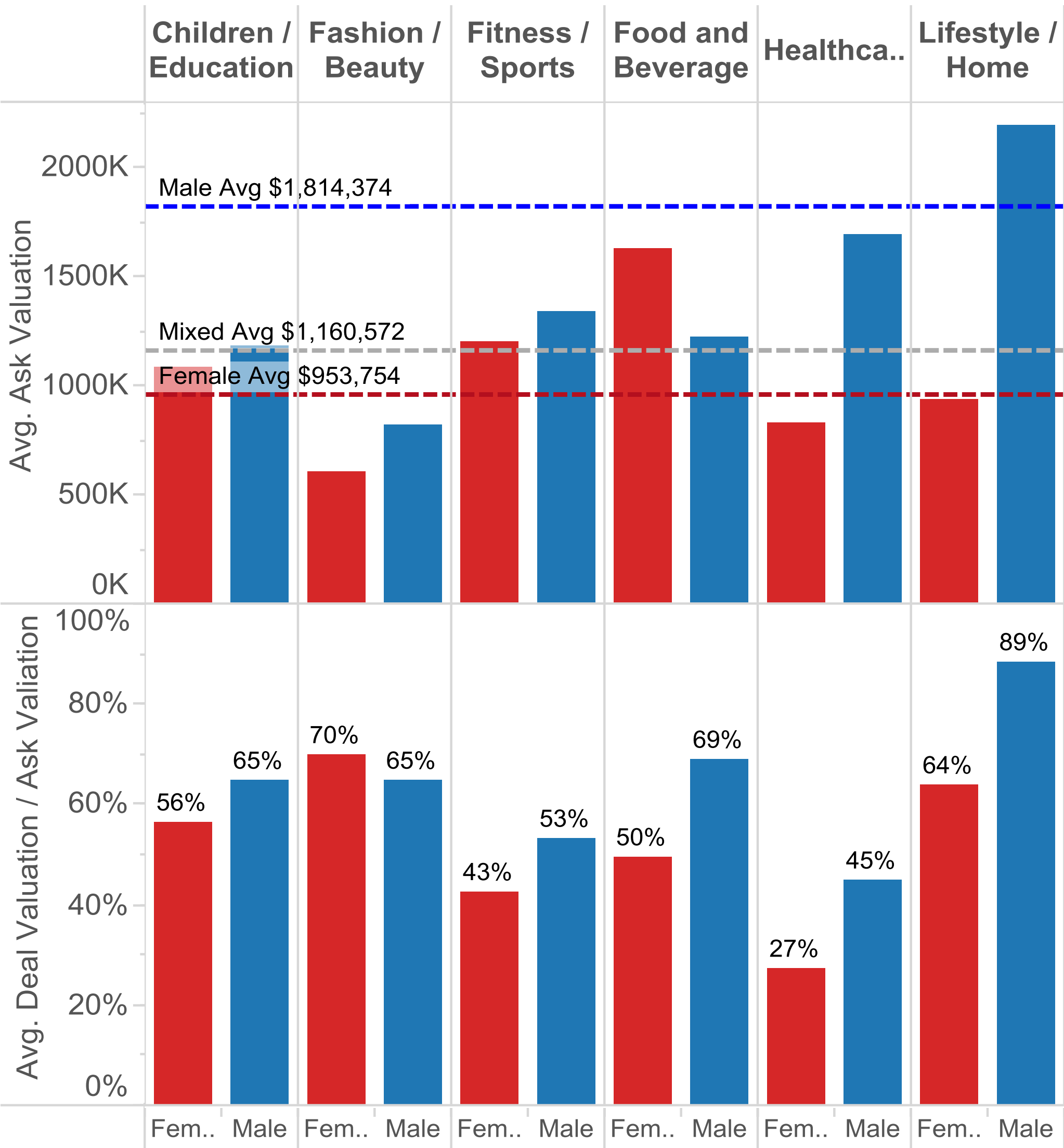
- receive offers at nearly the same rate as men, 60% vs. 57%.
- are less likely to decline an offer than a man, 11% vs. 21%.
- accept deals on average of only 57% of the valuation they ask for, compared to 65% for men and 81% for mixed.

Discussion

Interpretation

Why is this occurring? Who is to blame – the Sharks, the industry, the entrepreneurs, society?

Figure 3: Ask & Deal Valuations Across Industries



Society



Conclusion

Limitations

- Data only spans 235 pitches and 109 deals.
- Lack of important qualitative information.
- Lack of data on offers and negotiation process.

Insights

- There are differences between men and women in terms of receiving funding on Shark Tank. Women have comparable businesses, but ask for less and receive a lesser percentage of what is asked.
- These differences are not caused by the industry, and my data is insufficient to determine if it is caused by the Sharks.
- The root cause may be related to societal issues and the behavior of the entrepreneurs themselves.

Recommendations

1. Women need to be more confident in the worth of their businesses and ask for higher valuations.
2. Women need to be firmer when negotiating with the Sharks. Women are willing to give up more of their company in order to close a deal and this may be preventable.

Implications

- In order for a problem to be addressed it is vital for it first to be recognized. This research is that first step of recognition.
- Entrepreneurs and investors both can utilize this information to better prepare themselves before considering making a deal.

Future Research Opportunities

- Collect data from the rest of the seasons.
- Compare and contrast with Dragon's Den.
- Code for more variables.
- Information on post-show performance.
- Other research avenues with this same dataset.

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